

**EXECUTIVE SECRETARIAT
ROUTING SLIP**

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	EXDIR		X		
4	D/ICS				
5	DDI		X		
6	DDA				
7	DDO		X		
8	DDS&T				
9	Chm/NIC				
10	GC				
11	XX DDI/OGI		X		
12	Compt				
13	D/Pers				
14	D/OLL		X		
15	D/PAO				
16	SA/IA				
17	AO/DCI				
18	C/IPD/OIS				
19	NIO /ECON		X		
20	NIO/EA		X		
21	VC/NIC		X		
22	D/OEA/DI		X		
SUSPENSE		Date _____			

Remarks

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Executive Secretary
30 Aug 85
Date

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EX OFFICIO:
JOHN J. DUNCAN, TENNESSEE

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

SUBCOMMITTEE ON TRADE

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30 Aug 88
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JOSEPH K. DOWLEY, CHIEF COUNSEL
A.L. SINGLETON, MINORITY CHIEF OF STAFF

RUFUS YERXA, SUBCOMMITTEE STAFF DIRECTOR

Executive Registry

85- 2890

August 26, 1985

The Honorable William J. Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Casey:

During the past three weeks, I led a delegation of Members of the Committee on Ways and Means through Asia to discuss trade and economic issues with several of our key trading partners. Upon our return to the United States, Congressman Bill Frenzel and I sent the enclosed letter to the President, to inform him of the intense reaction of these countries to textile quota legislation now pending in Congress. For your information, I am enclosing a copy of this letter.

Sincerely,

Sam M. Gibbons
Sam M. Gibbons
Chairman

SMG/JANm
Enclosure

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

SUBCOMMITTEE ON TRADE

August 24, 1985

DAN ROSTENKOWSKI, ILLINOIS, CHAIRMAN
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RICHARD T. SCHULZ, PENNSYLVANIA

EX OFFICIO:
JOHN J. DUNCAN, TENNESSEE

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

During the past three weeks, we have led a Congressional fact-finding mission through Asia to discuss trade and economic relations with several of our key trading partners. As we return to the United States, we want to bring to your attention a potential crisis which we believe is developing in our diplomatic and trade relations with these nations over legislation now pending in Congress, commonly referred to as the Jenkins bill or the "white man's" bill.

In Japan, China, India, Thailand, and Hong Kong, we held constructive and frank meetings with the heads of government or their key trade officials. In these meetings, and during a separate working session with representatives of ASEAN nations, the delegation was warned repeatedly that the textile bill is discriminatory, blatantly violates international law and existing trade agreements, and certainly will result in retaliation against the United States. They further protested that the legislation is unfairly aimed at Asian producers only.

In China and Thailand, where textile exports to the United States would be cut back anywhere from 50 to 70 percent under the bill, the intensity of feeling is particularly strong. China's Vice-Premier Tian Jiyun, for example, unequivocally stated his country's intention to retaliate in some form should the bill become law. This issue threatens to set back the progress we have made since the normalization of our bilateral relations with the People's Republic.

In Bangkok, where textile exports represent a substantial portion of their export earnings, Prime Minister Prem specifically raised the issue, emphasizing the severe impact that the bill would have on the Thai economy. Other Thai officials

The President
August 24, 1985
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claimed the United States was abandoning an old friend and ally at a time when Thailand has become a front-line state against aggression in Southeast Asia.

We believe our meetings were useful in presenting the current mood of the Congress to the Asian leaders and resulted in a clearer understanding by both sides of the political and economic problems in textile and apparel trade today. Nevertheless, these nations made it clear that they would not stand idly by should this legislation move forward. Retaliation, already promised by China, will certainly occur.

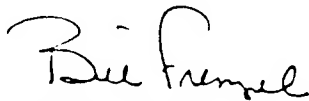
Beyond the immediate and severe economic impact is a much broader psychological effect. Countries which stand, and have consistently stood, with us in war and peace for freedom and open markets would feel betrayed. We would be breaking a political contract with these valued allies.

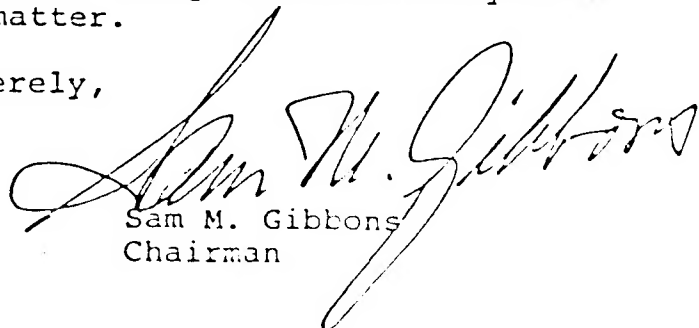
Without exception, the officials and the people of every country we visited look to your strong leadership and continued commitment to a free trade policy to avert this pending crisis. We concur in their view that immediate and clear action by the President of the United States to influence the current consideration of the textile bill is needed before unilateral action by the U.S. Congress disrupts our international trading framework.

Our Asian friends in Japan, China, India, Thailand, plus the five other ASEAN nations and Hong Kong all believe that this discriminatory "white man's" bill is aimed at them. It is worthwhile noting that these countries comprise more than half of the people on earth, and are vital to our peace and security.

The members of the Subcommittee on Trade, and others who participated in this mission, stand ready to meet with you and your advisors on this serious matter.

Sincerely,


Bill Frenzel
Member of Congress


Sam M. Gibbons
Chairman